Linda M. Gobler
President

The Michigan Grocers Association (MGA) is dismayed that proposals continue to be introduced that will harm our state's job providers at a time when leaders and lawmakers talk about the importance of improving Michigan's job climate.

Michigan Grocers Association supports efforts to lower taxes for all job providers. We do not support Single Business Tax reforms that create winners and losers in the retail food industry.

MGA member Spartan Stores, Inc. will pay $1.2 million more in taxes each year under the governor's plan to restructure Michigan's Single Business Tax. According to reports from our members, Spartan is not the only company to see an increase in their tax liability under this proposal. Examples of differences in the SBT rates (current tax vs. proposed tax rates) are as follows:

- Single grocery store, strong profits: Current tax $44,613   New tax $ 49,470
- Stores with high profit, stock sale: Current tax $86,081   New tax $101,794
- Single store, moderate profit: Current tax $24,087   New tax $24, 268
- Small LLC with real estate   Current tax $ 1,231   New tax $ 4,009
- Larger LLC with real estate   Current tax $3, 625   New tax $11,044
- Single grocery store, low profit, low volume: Tax will remain unchanged ONLY if small business credit is the same. If small business credit is lost, then increase in tax will occur. This would effect many of the independent stores with annual sales under $10,000,000.

The elimination of the Excess Compensation Reduction is very problematic for such a labor-intensive industry such as ours. Also of concern is elimination of the Gross Receipts Reduction. Our industry operates on a one percent profit margin, at best. Add to that the Triple Profit Component, and the fact that the Personal Property Tax Credit does not apply to retail, and you have a proposal that does not have the support of the retail food industry.

MGA speaks for 260 food companies that provide jobs for more than 75,000 Michigan residents. We ask how anyone can support a plan that will lead to a tax hike for any of these job providers.